

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
Parcel Select
Negotiated Service Agreement

Docket No. MC2018-35

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ERRATA TO PUBLIC REPRESENTATIVE COMMENTS ON USPS NOTICE OF
CHANGE IN PRICES PURSUANT TO AMENDMENT TO PARCEL SELECT 25

(April 2, 2018)

I. Introduction

The Public Representative hereby provides comments pursuant to the Commission's notice initiating these dockets.¹ In this notice, the Commission established the above referenced docket to consider matters from interested persons, including the undersigned Public Representative, on the Postal Service's intent to change the prices offered under Parcel Select and Parcel Return Service Contract 25.² To support its Notice, the Postal Service filed redacted financial workpapers. Unredacted version of all redacted documents were also filed separately under seal.

Previously, in Order No. 4283 the Commission approved the initial Parcel Select & Parcel Return Service negotiated service agreement.³ The Existing Agreement as amended by Amendment 1 will become effective two business days following the day that the Commission completes its review. Notice at 1. The amended Existing Agreement is scheduled to expire on April 21, 2021, subject to early termination provisions set forth in the terms of the Existing Agreement. Amendment 1 at 2.

II. Comments

¹ Notice Initiating Docket(s) for Recent Postal Service Negotiated Service Agreement Filings March 27, 2018.

² USPS Notice of Change in Prices Pursuant to Amendment to Parcel Select and Parcel Return Service Contract 25, March 22, 2018 (Notice).

³ Docket No. CP2018-65, Order No. 4283, Order Adding Parcel Select Contract 25 to the Competitive Product List, December 15, 2017

Pursuant to 39 U.S.C. § 3633(a), the Postal Service must demonstrate that competitive product rates (1) do not result in market dominant products subsidizing competitive products, (2) ensure that each competitive product covers its attributable costs; and (3) enable competitive products as a whole to cover an appropriate share of the institutional costs of the Postal Service.

After reviewing the Postal Service's Notice, the unredacted Existing Agreement, the unredacted version of Amendment 4, and the supporting financial workpapers filed under seal, the Public Representative finds that the amended Parcel Select & Parcel Return Service Contract 25 product will continue to satisfy the cost coverage requirements set forth in 39 U.S.C. § 3633 over the next year. Moreover, while the financial materials provided by the Postal Service do not provide direct support that the amended agreement will maintain adequate cost coverage over the entirety of its lifetime, Section I. E. of the Existing Agreement contains annual rate adjustment provisions that should facilitate continued cost coverage as required by 39 U.S.C. §3633(a) after the 12-month window for which the Postal Service has provided financial projections. Amendment 1 at 3-10. Finally, the Commission will have opportunities to review the revenue, cost and volume data for the amended Parcel Select & Parcel Return Contract 25 in future Annual Compliance Determination proceedings. The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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